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Ireland

Exporter Guide

Annual

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Approved by:

Peter Kurz

U.S. Embassy

Prepared by:

Mike Hanley

Report Highlights:

Information for U.S. firms interested in exporting food products to Ireland. The report focuses on exports of consumer-oriented foods, beverages and edible fish products

Includes PSD changes: No
Includes Trade Matrix: No
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SECTION I. MARKET OVERVIEW

General Economy:

The "Celtic Tiger", as the Irish economy is now commonly called, is the fastest growing economy among the world's industrialized nations, outpacing all other OECD members with an estimated 11.5 percent growth in gross domestic product (GDP) in 2000. This dramatic economic growth has pushed Ireland into second place in the EU in terms of per capita income. However, after seven years of record-breaking economic growth, the economy is showing signs of slowing down.

In 2001, the economy continues to grow, albeit at a much slower pace. The Irish government projects strong economic growth in fixed investment throughout 2001 supported by high levels of business confidence and low interest rates. Consumer spending is forecast to increase by 8.75 percent in 2001.

After consecutive years of rapid economic growth without serious inflationary pressure, Ireland's inflation rate began to rise upwards in the last quarter of 1999 and spiked soon after in 2000. The inflation rate for the year 2000 averaged 5.3 percent, the highest in the euro currency area and almost twice the EU average. Inflation has fallen to approximately five percent in recent months but remains stubbornly high, mainly due to external factors such as high oil prices and the falling value of the euro.

Since January 1 2000, Ireland is a full member of the "euro-zone" and the Irish Pound was irrevocably fixed at a rate of IP 1.2697 against the euro (1 euro is worth IP 0.787564). The euro has fallen in value against the dollar and sterling since its launch and as a result Irish exports are relatively cheap when sold in U.S. and UK markets, and U.S. imports into Ireland are relatively more expensive.

Unemployment has fallen sharply in recent years. For example, unemployment which averaged 8.5 percent in February 1998 is expected to be below 4 percent for the year 2001. There are a total of 1,779,100 persons in the Irish labor force, of which 1,710,300 are in employment and 68,800 are unemployed. The long-term unemployed represent about 35 percent of the total of those without jobs.

It is not just economic good luck that turned the Irish economy into a "Celtic Tiger." Factors such as tough cuts in government spending dating from the late 1980s, made as part of the series of "National Wage Partnership Programs" negotiated between the Government and the private sector and which ushered in a period of cooperative industrial relations, as well as reductions in taxation rates and targeted Irish Government programs to attract foreign direct investment in key economic sectors such as computers, financial services, and pharmaceuticals all contributed to the economic growth Ireland has enjoyed since the early 1990s. In addition, European Union (EU) funds, received since Ireland's 1973 EU accession, assisted successive Irish governments in making needed structural planning reforms, as well as improving Ireland's infrastructure in key sectors.

The most threatening storm cloud in the economy is inflation and fears it may soar so high as to spark a wage-price spiral similar to that experienced in Ireland in the early 1980s. Irish economists and Government officials are mixed on whether the spike is a short-term reaction to external factors or is

the start of a longer trend, which will significantly slow down the Irish economy and spark a wage price spiral.

Ireland has not been immune from the global downturn in the Information Communication and Technology sector. In recent months a number of large U.S. multinationals such as Gateway and Motorola have ceased operating in Ireland leaving 2,000 job losses in their wake. Intel, Lucent Technology and Nortel have all cut worker numbers and analysts believe more jobs could be lost before the situation improves.

Food and the Economy

The Irish food market is relatively small, with a population of just over 3.83 million and a per capita disposable income of approximately \$13,390 in 2000. There has been annual growth in population since 1991. This is mainly because of the booming economy with the resultant return of former emigrants and lower emigration. Over one-third of the population resides in and around the country's capital, Dublin. The next major city is Cork with a population of about 150,000. While Ireland still has a relatively large rural population compared with other developed countries, a rapid growth in urban population (with a decrease in the rural population) has been recorded since the mid 1960's.

Approximately half of the Irish population is aged under 27 years. However, the population structure is changing with lower fertility rates than those in the 1960's and 1970's being recorded in recent years. About 80 percent of Irish families own their own homes. Consumer surveys indicate that about 98 percent of all homes have refrigerators and/or freezers and that about half have a microwave. Nearly every home has a TV which makes this a useful advertizing medium.

The Irish consumer is demanding more and more quality when shopping for foods. While women still tend to be the dominant buyer in rural populations, men especially in urban areas now share the weekly food purchasing chores. Home preparation of food is still the norm but convenience ready meals especially from the chilled cabinet are becoming more fashionable.

Dining out continues to be popular. Restaurants serving international foods are in abundance. The foods served are usually prepared from fresh food sourced from Ireland or other EU countries. There has been a growing awareness of Ireland's vast "natural" food resource and "Irish" restaurants serving "Irish foods" are now becoming popular. Tex-mex restaurants are beginning to emerge as an alternative style of dining. Following the surge of interest in dining Chinese, most stores now stock a number of ranges of Chinese style sauces and foods. A similar trend is emerging for Tex-mex items.

With the economy on an all-time high consumers are prepared to pay for quality and new-to-the-market food products. This has been evident in recent years with the increase in sales of consumer-ready chilled and frozen food products.

Advantages and Challenges facing U.S. Products in Ireland

Advantage	Challenge
Retail market very competitive	Ensure products are priced to attract consumers attention
Economic boom gives many consumers higher purchasing power	Importers need to be made aware of "new to the market" products
English speaking population	Exporters must ensure that Irish tastes are not confused with English (UK) tastes
U.S. looked on favorably in Ireland	Overcome strict (EU) labeling requirements
Familiarity with U.S. products	Competing EU products offer cheaper alternative
U.S. foods generally considered safe	Overcome consumer fears on GMO and Food Safety

SECTION II. EXPORTER BUSINESS TIPS

The Irish retail sector watches worldwide trends in food consumption and is very aware of new to market ideas. A high proportion of retailers and importers/distributors attend international food shows and often use these as the basis for finding "new" products.

To help promote a product at retail level, importers and retailers need good POS material. This does give a new product an advantage on retailers shelves.

While we share a common language, the Irish and British consumers are very different and exporters should be aware tastes are often different and exporters should consult with their importers to ensure that the product matches the market.

Exporters should be aware that a food safety culture is now very evident in the EU and in Ireland. Consumers are demanding to know the origin and content of the food which they are buying and eating. As a result, importers prefer to deal directly with manufacturers, rather than through brokers, to ensure that quality standards at all stages of production are maintained. The agency which has oversight of all food safety issues in Ireland is the Food Safety Authority of Ireland. Website: <http://www.fsai.ie>

Ireland follows EU policies regarding labeling and ingredient labeling. More information on these EU requirements can be obtained from the FAS homepage at <http://www.fas.usda.gov>

The Customs Branch of the Irish Revenue Commissioners is responsible for the clearance of all goods into Ireland. U.S. exporters of food and agricultural products should note that they may require an import license, obtainable from the Irish Department of Agriculture, Food and Rural Development, to

import food items into the country. Importers are aware of these requirements. In addition, imports of food products may be subject to EU tariffs and import duties. VAT is payable at point of entry into the state. Once again, exporters can ascertain that information on submission of details of the product to the Revenue Commissioners. (Website: <http://www.revenue.ie>)

As Ireland is a relatively small market, small shipments can add to the cost of getting products to the consumer. Importers often consolidate shipments from the U.S. or tranship through the UK or Rotterdam, The Netherlands.

SECTION III. MARKET SECTOR STRUCTURE AND TRENDS

According to recent surveys two percent of all food outlets now account for about one half of turnover. The total number of retail outlets is about 10,300 with the following structure:

Multiples:	161
Symbols:	1,000 (approx)
Independents	9,100 (approx)
Total	10,300 (approx)

The retail trade is dominated by the three main supermarket groups: Tesco Ireland, Dunnes Stores and Superquinn, and the "symbol" groups of independent retailers. The Tesco Ireland group is part of the UK-based Tesco group.

Symbol groups of retailers are independent retailers who source the bulk of their produce from a central buyer and operate their stores using a common trading name, while still maintaining their independence. As a consequence own label products (products sold under a retailers rather than a manufacturers name) have become important.

Two new supermarket chains - ALDI and LIDL, both German owned, have commenced operations in Ireland over the past two years. These chains have located smaller stores located in urban centers throughout the country.

Retailing units attached to gas stations have become more important in the retailing sector over the past few years. They offer convenience and longer opening hours to consumers who are either in transit or living near the outlets. These outlets are complementing some of the "mom-and-pop" stores (corner shops) at the moment and may in fact take over this aspect of the retail sector in the future. These operations, which are mainly independently owned, source supplies through the symbol groups central buying facilities or cash and carry facilities. One new chain is a joint venture between Superquinn and a large gas company.

Retailers generally use an importer to handle their imported product requirements. Many of the multiple stores monitor developments in retail markets in other countries and often source new product lines

themselves. The actual purchase and logistics of importing is then handed over to known importers/distributors.

A large number of importers, many of them quite small, serve the retail trade. These companies may also be wholesale agents for Irish produced goods and/or be manufacturers themselves. Most importers of non-frozen and chilled foods have in-house distribution networks and warehousing. The main fruit and vegetable importers/distributors have packing facilities for pre-packs, for which there is increasing demand. Importers of wine and beers usually carry an extensive portfolio of products, both from Ireland and other countries, and have distribution arrangements to most parts of the island within the Republic of Ireland.

For more information on the retail sector please refer to the Retail Sector Report for Ireland which can be accessed through the FAS website at <http://www.fas.usda.gov>

The Irish food industry is strong at marketing and Irish consumers tend to purchase home produced (Irish) food items first and then purchase imported foods on quality and value criteria.

Surveys have indicated that over 80 percent of all housewives currently claim to buy an own label/generic product each month. These products made rapid inroads during the 1980's with over 90 percent penetration. Own label products have a relatively classless appeal and are particularly favored by larger, younger families living in both urban and rural areas.

SECTION IV. BEST HIGH VALUE PRODUCT PROSPECTS

- (a) Breakfast cereals
- (b) Cookies - in Ireland known as biscuits
- (c) Coffee- especially flavored
- (d) Snack foods
- (e) Pet Food
- (f) Fish
- (g) Fruit and Vegetables
- (h) Soft drinks and fruit juices
- (i) Wine and Beers
- (j) Sauces and salad dressings other than mayonnaise
- (k) Ethnic foods such as TexMex

SECTION V. KEY CONTACTS AND FURTHER INFORMATION

Office of Agricultural Affairs
American Embassy
42 Elgin Road
Ballsbridge

Dublin 4

Tel: +353-1-668-7122

Fax: +353-1-668-7423

FAS Homepage: <http://www.fas.usda.gov>

Import licenses:

Department of Agriculture, Food and Rural Development

Agriculture House

Kildare Street

Dublin 2

Tel: +353-1-607-2000

Fax: +353-1-661-6263

For information on tariffs:

Office of the Revenue Commissioners

Tariff Classification Unit

Government Building

St. Conlon's Road

Nenagh, Co. Tipperary

Tel: +353-67-33-533

Fax: +353-67-32-385

For information on food labeling:

Office of the Director of Consumer Affairs

4 Harcourt Road

Dublin 2

Tel: +353-1-402-5555

Fax: +353-1-402-5501

General food market information (mainly for Irish exporters) but has an overall view of the Irish market

Bord Bia (Irish Food Board)

Clanwilliam Court

Lr. Mount Street

Dublin 2

Tel: +353-1-668-5155

Fax: +353-1-668-7521

website: www.bordbia.ie

Food Safety Issues:

Food Safety Authority of Ireland
 Abbey Court
 Lower Abbey Street
 Dublin 1
 Tel: +353-1-817-1300
 Fax: +353-1-817-1301
 Website: www.fsai.ie

APPENDIX I. STATISTICS

A. KEY TRADE & DEMOGRAPHIC INFORMATION

Agricultural Imports from All Countries(\$Mil)/U.S. Market Share (%)		3,333/9
Consumer Food Imports from All Countries (\$Mil) /U.S. Market Share (%)		2,181/1
Edible Fishery Imports from All Countries (\$Mil)/U.S. Market Share (%)		88/1
Total Population (Millions)/Annual Growth Rate (%)		3.84/1.4
Urban Population (Millions)/Annual Growth Rate (%)		1.5/n.a.
Number of Major Metropolitan Areas ^{1/}		1
Size of the Middle Class (Millions)/Growth Rate (%)		n.a.
Per Capita Gross Domestic Product (US\$)		24,730
Unemployment Rate (%)	June 2001	3.7
Per Capita Food Expenditures (US\$)	2000	2,718
Percent of Female Population Employed ^{2/}	May 2001	36.4
Exchange Rate	US\$ = IRP	0.8554

All data relate to 2000 unless otherwise specified

1/ Centers with population over 1,000,000

2/ Percent against total number of women (15 years old or above)

Source: Various GOI statistical releases.

Ireland Imports
(In Millions of Dollars)

	Imports from the World			Imports from the U.S.			U.S Market Share		
	1998	1999	2000	1998	1999	2000	1998	1999	2000
CONSUMER-ORIENTED AGRICULTURAL TOTAL	2159	1851	2181	33	27	32	2	1	1
Snack Foods (Excl. Nuts)	291	241	299	1	1	1	0	0	0
Breakfast Cereals & Pancake Mix	74	64	85	1	1	1	2	0	0
Red Meats, Fresh/Chilled/Frozen	63	49	81	1	1	1	2	2	0
Red Meats, Prepared/Preserved	118	93	102	1	0	0	0	0	0
Poultry Meat	69	63	90	0	0	0	0	0	0
Dairy Products (Excl. Cheese)	204	182	185	1	1	1	0	0	0
Cheese	62	62	74	1	1	1	0	0	0
Eggs & Products	7	5	8	1	1	1	2	3	5
Fresh Fruit	128	107	128	3	2	2	2	2	2
Fresh Vegetables	115	75	86	1	1	1	0	0	0
Processed Fruit & Vegetables	175	159	175	3	3	2	2	2	1
Fruit & Vegetable Juices	46	45	60	1	1	1	1	1	2
Tree Nuts	5	4	6	1	1	1	10	14	10
Wine & Beer	189	166	190	15	15	18	8	9	10
Nursery Products & Cut Flowers	36	33	48	1	1	1	0	0	0
Pet Foods (Dog & Cat Food)	40	34	37	1	1	1	0	0	0
Other Consumer-Oriented Products	538	472	527	7	4	6	1	1	1
FISH & SEAFOOD PRODUCTS	95	75	88	2	1	1	2	1	1
Salmon	10	9	9	2	1	1	20	10	6
Surimi	1	1	1	0	0	0	0	0	0
Crustaceans	28	23	27	1	1	1	0	1	1
Groundfish & Flatfish	11	7	10	0	0	0	0	0	0
Molluscs	1	1	1	0	1	1	0	0	0
Other Fishery Products	45	34	40	1	1	1	0	0	0
AGRICULTURAL PRODUCTS TOTAL	3,281	2,773	3,333	258	207	307	8	7	9
AGRICULTURAL, FISH & FORESTRY TOTAL	3,798	3,187	3,898	298	233	346	8	7	9

Source: FAS' Global Agricultural Trade System using data from the United Nations Statistical Office

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C. TOP 15 SUPPLIERS OF CONSUMER FOODS & EDIBLE FISHERIES PRODUCTS

Ireland - Top 15 Suppliers

CONSUMER-ORIENTED AGRICULTURAL IMPORTS

(\$1,000)	1998	1999	2000
United Kingdom	1347930	1148859	1313587
Netherlands	193787	158131	209637
France	141249	110367	129663
Spain	64447	57682	67733
Belgium	0	46085	65822
Germany	41396	39007	43388
Italy	39570	34729	41903
United States	32526	27000	32079
Denmark	33198	29322	31116
Australia	18909	18936	24398
Chile	14740	15091	22290
Brazil	10675	12192	21513
South Africa	0	0	18710
Free Zones	42	28344	18267
Honduras	16997	10952	17223
Other	203404	114274	123603
World	2158879	1850997	2180986

FISH & SEAFOOD PRODUCTS IMPORTS

(\$1,000)	1998	1999	2000
United Kingdom	64254	56606	67323
Denmark	9860	8688	8742
Netherlands	4879	3862	3625
Free Zones	0	998	2124
Indonesia	536	317	1022
United States	2016	1071	793
Thailand	2409	585	781
Canada	360	453	682
France	317	52	314
Germany	778	83	304
Philippines	553	265	303
Sweden	711	151	281
Belgium	0	149	242
Iceland	815	741	187
Portugal	249	81	157
Other	7235	1279	1179
World	94965	75390	88060

Source: United Nations Statistics Division